

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 COMMITTEE SUBSTITUTE
4 FOR
5 SENATE BILL NO. 1396

By: Holt of the Senate

and

6 Wood of the House

7
8
9 COMMITTEE SUBSTITUTE

10 An Act relating to consumer protection; creating the
11 Oklahoma Fantasy Contests Act; providing short title;
12 defining terms; requiring fantasy contest operators
13 to register with the Department of Consumer Credit;
14 setting fee for registration; authorizing
15 promulgation of rules; granting investigative
16 authority for complaints; requiring certain notice;
17 setting time for hearing; making order final at
18 certain time; allowing appointment of hearing
19 examiner; assessing costs of hearing; requiring
20 fantasy contest operators to implement procedures for
21 consumer protection; requiring certain audit;
22 requiring certain link on website; providing
23 penalties for violations; amending 14A O.S. 2011,
24 Section 6-303, as last amended by Section 1, Chapter
25 261, O.S.L. 2014 (14A O.S. Supp. 2015, Section 6-
26 303), which relates to deposit of fees; including the
27 Oklahoma Fantasy Contest Act; construing
28 applicability of certain provision of law; providing
29 for codification; and providing for an effective
30 date.

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33 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:
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1 SECTION 1. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 800.1 of Title 15, unless there
3 is created a duplication in numbering, reads as follows:

4 This act shall be known and may be cited as the "Oklahoma
5 Fantasy Contests Act."

6 SECTION 2. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 800.2 of Title 15, unless there
8 is created a duplication in numbering, reads as follows:

9 As used in this act:

10 1. "Confidential information" means information related to the
11 play of a fantasy contest by fantasy contest players obtained as a
12 result of or by virtue of a person's employment;

13 2. "Department" means The Department of Consumer Credit;

14 3. "Entry fee" means cash or cash equivalent that is required
15 to be paid by a fantasy contest player to a fantasy contest operator
16 to participate in a fantasy contest;

17 4. "Fantasy contest" includes any fantasy or simulated game or
18 contest, in which:

19 a the value of all prizes and awards offered to winning
20 participants are established and made known to the
21 participants in advance of the contest,

22 b. all winning outcomes reflect the relative knowledge
23 and skill of the participants and shall be determined
24 predominantly by accumulated statistical results of

1 the performance of individuals, including athletes in
2 the case of sports events, and

3 c. no winning outcome is based on the score, point spread
4 or any performance or performances of any single
5 actual team or combination of such teams or solely on
6 any single performance of an individual athlete or
7 player in any single actual event;

8 5. "Fantasy contest operator" means a person or entity that
9 offers fantasy contests with an entry fee for a cash prize to
10 members of the public; and

11 6. "Fantasy contest player" means a person who participates in
12 a fantasy contest offered by a fantasy contest operator.

13 SECTION 3. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 800.3 of Title 15, unless there
15 is created a duplication in numbering, reads as follows:

16 A. A fantasy contest operator offering fantasy contests in the
17 State with an entry fee must register with the Department. The
18 registration shall be valid upon receipt and payment of a fee not
19 exceeding Two Thousand Five Hundred Dollars (\$2,500.00).

20 B. The Department shall have the power and authority to
21 promulgate rules from time to time to implement the provisions of
22 this act.

1 C. The Department shall have the authority to investigate
2 complaints filed with the Department relating to violations of this
3 act.

4 D. If upon inspection, investigation or complaint or whenever
5 the Department determines that there are reasonable grounds to
6 believe that a violation of the Fantasy Contests Act or any rule
7 promulgated pursuant thereto has occurred, the Department shall give
8 written notice to the alleged violator specifying the cause of
9 complaint. The notice shall require that the matters complained of
10 be corrected immediately or that the alleged violator appear before
11 the Department at a time and place specified in the notice and
12 answer the allegations. The notice shall be delivered to the
13 alleged violator in accordance with the provisions of subsection F
14 of this section.

15 E. The Department shall afford the alleged violator an
16 opportunity for a fair hearing in accordance with the provisions of
17 subsection F of this section not less than fifteen (15) days after
18 receipt of the notice provided for in subsection D of this section.
19 On the basis of the evidence produced at the hearing, the Department
20 shall make findings of fact and conclusions of law and enter an
21 order thereon. The Department shall give written notice of the
22 order to the alleged violator and to any other persons who appeared
23 at the hearing and made written request for notice of the order.
24 The order of the Department shall become final and binding on all

1 parties unless appealed to the district court, within thirty (30)
2 days after notice has been sent to the parties.

3 F. The Administrator may appoint an independent hearing
4 examiner to conduct a hearing. The costs of the hearing may be
5 assessed against the respondent, unless the respondent is the
6 prevailing party.

7 G. A fantasy contest operator must implement procedures for
8 fantasy contests with an entry fee that are intended to:

9 1. Prevent employees of the fantasy contest operator and
10 relatives living in the same household as such employees from
11 competing in any fantasy contest offered by any fantasy contest
12 operator in which the operator offers a cash prize;

13 2. Prevent sharing of confidential information that could
14 affect fantasy contest play with third parties until the information
15 is made publicly available;

16 3. Prevent the fantasy contest operator from participating in a
17 fantasy contest he or she offers;

18 4. Verify that a fantasy contest player is eighteen (18) years
19 of age or older;

20 5. Ensure that individuals who participate or officiate in a
21 game or contest that is the subject of a fantasy contest will be
22 restricted from entering a fantasy contest that is determined, in
23 whole or in part, on the accumulated statistical results of a team
24 of individuals in the game or contest in which they are a player;

1 6. Allow individuals to restrict themselves from entering a
2 fantasy contest upon request and provide reasonable steps to prevent
3 those individuals from entering fantasy contests offered by the
4 fantasy contest operator;

5 7. Disclose the number of entries a single fantasy contest
6 player may submit to each fantasy contest and take reasonable steps
7 to prevent players from submitting more than the allowable number;
8 and

9 8. Segregate player funds from operational funds and maintain a
10 reserve in the form of cash, cash equivalents, an irrevocable letter
11 of credit, a bond or a combination thereof, in the amount of the
12 deposits in player accounts for the benefit and protection of
13 authorized fantasy contest players' funds held in fantasy contest
14 accounts.

15 H. A fantasy contest operator offering fantasy contests in the
16 State with an entry fee must annually contract a third-party to
17 perform an independent audit, consistent with the standards
18 established by the Public Company Accounting Oversight Board created
19 in the Federal Sarbanes-Oxley Act of 2002 (Pub.L.107-204), to ensure
20 compliance with the requirements in this act. The fantasy contest
21 operator must submit the results of the independent audit to the
22 Department.

23 I. A fantasy contest operator offering fantasy contests in the
24 State with an entry fee shall include a link to at least one

1 compulsive gaming resource on any website operated by the fantasy
2 contest operator.

3 SECTION 4. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 800.4 of Title 15, unless there
5 is created a duplication in numbering, reads as follows:

6 Any person, firm, corporation, association, agent or employee
7 who violates any provision of this act shall be liable for a civil
8 penalty of not more than One Thousand Dollars (\$1,000.00) for each
9 such violation, which shall accrue to the Department of Consumer
10 Credit and may be recovered in a civil action brought by the
11 Department.

12 SECTION 5. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 800.5 of Title 15, unless there
14 is created a duplication in numbering, reads as follows:

15 Nothing contained in Chapter 38 of Title 21 of the Oklahoma
16 Statutes shall be applicable to a fantasy contest as defined in this
17 act.

18 SECTION 6. AMENDATORY 14A O.S. 2011, Section 6-303, as
19 last amended by Section 1, Chapter 261, O.S.L. 2014 (14A O.S. Supp.
20 2015, Section 6-303), is amended to read as follows:

21 Section 6-303. ~~(1) Beginning on August 24, 2012, eighty A.~~
22 Eighty percent (80%) of all fees and civil penalties collected by
23 the Department of Consumer Credit pursuant to the Uniform Consumer
24 Credit Code, the Credit Services Organization Act, the Oklahoma

1 Pawnshop Act, the Precious Metal and Gem Dealer Licensing Act, the
2 Oklahoma Rental-Purchase Act, the Oklahoma Health Spa Act, the
3 Oklahoma Secure and Fair Enforcement for Mortgage Licensing Act ~~and,~~
4 the Deferred Deposit Lending Act, and the Oklahoma Fantasy Contests
5 Act shall be deposited in the Consumer Credit Administrative
6 Expenses Revolving Fund established in Section 6-301 of this title.

7 ~~(2) Beginning on August 24, 2012, twenty~~ B. Twenty percent
8 (20%) of all fees and civil penalties collected by the Department of
9 Consumer Credit pursuant to the Uniform Consumer Credit Code, the
10 Credit Services Organization Act, the Oklahoma Pawnshop Act, the
11 Precious Metal and Gem Dealer Licensing Act, the Oklahoma Rental-
12 Purchase Act, the Oklahoma Health Spa Act, the Oklahoma Secure and
13 Fair Enforcement for Mortgage Licensing Act ~~and,~~ the Deferred
14 Deposit Lending Act, and the Oklahoma Fantasy Contests Act shall be
15 deposited in the General Revenue Fund of the State Treasury.

16 ~~(3) C.~~ The provisions of this section shall not apply to fees
17 received for the Oklahoma Mortgage Broker and Mortgage Loan
18 Originator Recovery Fund and fees received from deferred deposit
19 lenders for consumer counseling services pursuant to Section 3119 of
20 Title 59 of the Oklahoma Statutes.

21 ~~(4) D.~~ The Administrator of Consumer Credit may reduce annual
22 license fees on a pro rata basis for a specific renewal period. The
23 Administrator shall notify licensees of an annual license fee
24 reduction prior to November 1 of the specific license renewal

1 period. An annual license fee does not include an initial annual
2 license fee for purposes of this subsection.

3 SECTION 7. This act shall become effective November 1, 2016.
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